

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
DIVISION OF INFORMATIONTHE U.S.-ARGENTINE TRADE AGREEMENT

The trade agreement between the United States and the Argentine Republic, signed October 14, 1941, "is especially important at a time when the very existence of the nations of this hemisphere may depend upon presenting a united front to the forces of aggression," according to the Secretary of State Cordell Hull.

President Roosevelt called the agreement an "achievement in the cause of liberal principles of international trade conducted on the basis of fair dealing, equality of treatment, and mutual benefit. It is an outstanding contribution to the economic welfare of our two countries and to the reconstruction of peaceful and profitable trade in the Americas and throughout the world."

This is the first treaty to be put into effect between the two countries since 1853.

The general provisions of the agreement include important assurances to American exporters in regard to such matters as rates of duty, internal taxes, exchange rates and regulations, and quotas. Argentina granted concessions on products that comprised nearly half of her imports from this country in 1939, and the United States granted concessions on commodities which accounted for over nine-tenths of our imports from Argentina in 1939.

Argentina made concessions on certain farm products from this country, and these provisions are to go into effect immediately while the concessions on some industrial exports will go into effect by progressive stages. Very substantial reductions were made in Argentine duties on fruits produced in the United States, as follows:

<u>Commodity</u>	<u>Reduction</u>
Prunes . . . . .	30 percent
Raisins	35 percent
Fresh apples (Oct. 1 to Jan.31 annually)	49 percent
Fresh pears (Oct. 1 to Dec.31 annually)	49 percent
Fresh grapes (Sept. 1 to Nov.30 annually)	50 percent

In addition to these tariff reductions, Argentina bound her duties against any increase for a number of our agricultural commodities already entering under relatively low tariff rates. The rates on dried apples, cherries, pears and pitted peaches were about 35 percent below Argentina's general tariff level, and the rate on walnuts was about 50 percent below. The duty on American tobacco was also bound against any increase.

The principal agricultural commodities on which the United States granted tariff reductions to Argentina are shown on the table that follows.



# Principal Tariff Reductions on Agricultural Commodities

\*

Item	Rate of duty		Ad val. equiv. on basis 1939 imports		U. S. imports for consumption from			
	Before agreement	Under agreement	Before agmt %	Under agmt %	Argentina		All countries	
					1939	1940	1939	1940
In thousands of dollars								
Casein or lactarene and mixtures	5-1/2¢ lb.	2-3/4¢ lb.	98	49	763	1,111	886	1,243
Tallow:								
Inedible	( 1/2¢ lb. plus	1/4 lb. plus	120	60	6	18	44	43
Edible	( 3¢ lb.	1-1/2 lb.						
	import tax	import tax	-	-	-	-	-	1/
Oleo Oil and oleo stearin	( 1¢ lb. plus	1/2¢ lb. plus						
	( 3¢ lb.	1-1/2¢ lb.						
	import tax	import tax			-	-	1/	1/
Canned beef, including corned beef 2/	( 6¢ lb. but	3¢ lb. but	60	30	3,650	3,662	8,573	6,911
Beef and veal, pickled or cured 2/	( not less than 20% ad val.	not less than 20% ad val.	84	42	4	1/	154	109
Total prepared or preserved meats 2/					3,655	3,662	8,775	7,040
Grapes, if entered for consumption from Feb. 15 to June 30 3/	25¢ cu. ft.	12-1/2¢ cu. ft.	18	9	456	373	522	491
Plums, prunes, and prunelles, if entered for consumption from Feb. 1 to May 31 4/	1/2¢ lb.	1/4¢ lb.	13	6	20	13	40	46
Flaxseed:								
Under normal conds.	65¢ bu.	50¢ bu.	57	43	17,542	11,735	18,424	14,121
In existing emerg.		32-1/2¢ bu.		28				
Italian type cheeses, in original loaves 5/	7¢ lb. but not less than 35% ad val.	5¢ lb. but not less than 25% ad val.	36	26	299	785	5,635	4,105
Wools 6/								
Not finer than 40s	24.5¢ lb. av	13.5¢ lb. av	88	48	2,434	3,868	4,614	4,995
Not finer than 44s	29.5¢ lb. av	17.5¢ lb. av	88	48	162	524	1,495	1,509
Bovine hides, skins 7/	10% ad val	5% ad val.	10	5	7,796	10,597	16,846	19,573

\* Footnotes on page 3



1/ Less than \$500. 2/ Duties and imports do not include Virgin Islands of U.S. 3/ Import statistics represent calendar year. 4/ Import statistics are for calendar year and include plums, prunes, and prunelles in brine. 5/ Emergency reduction subject to termination on 6 months notice after war. 6/ Duty on clean content basis. Wool, not finer than 40s, if imported under bond for the mfg. of carpeting etc., is bound duty free under the agreement. Such imports have averaged about 4/5 of total wool imports of types covered in the agreement. U.S. production of true carpet wools is practically non-existent. 7/ Raw, uncured, dried, salted, or pickled. Includes calf and kip skins and cattle and buffalo hides (except those of India water buffalo imported for manufacturing of rawhide articles).

American farmers will note two characteristics of this group of commodities:

1. They help meet national requirements under the Farm Defense Program.
2. They do not interfere with the markets of producers in this country--either because we do not produce such commodities (of the grade and type imported) here in sufficient quantity to meet all our needs or because (in the case of fruits) they are imported only during off-seasons. Here are some facts about each of these items which will help farmers understand the actual situation:

#### Casein

Casein is a product of skim milk used mainly in paper coatings, glue cold-water paints, and plastics. Domestic production of casein at present is inadequate to meet a rapidly rising demand greatly expanded by the defense program. At the same time more of the Nation's milk is required for cheese, evaporated milk, and dry skim milk.

#### Tallow

Imports of tallow are very small, and practically no edible tallow has entered the United States since 1938. Larger imports would help to meet the rising demand for fats and oils brought about by the defense program, increased industrial activity, and Lend-Lease exports. With domestic consumption at record levels, stocks of fats and oils are being depleted.

#### Oleo Oil and Oleo Stearin

Imports of oleo stearin since 1937 have been negligible, and there have been no imports of oleo oil. The United States is normally on an export basis for oleo products and now faces an increased demand for all fats and oils.

#### Canned Beef

United States production of canned beef in recent years has been relatively small and has consisted largely of beef specialties other than corned beef. Nearly all the corned beef canned in the United States has been produced specifically for Government contracts. Domestic beef of the low-grade type that



would otherwise be canned is used to make sausage, a more profitable outlet. The civilian demand for canned corned beef has therefore been filled by imports, a considerable part of which have come from Argentina since 1937.

#### Beef and Veal, Pickled or Cured

Pickled or cured beef and veal are relatively cheap meats and particularly suitable as ship stores and where refrigeration facilities are inadequate. Domestic beef of the grade and type which might otherwise be pickled or cured is generally used for sausage, which is more profitable. United States exports of pickled or cured beef and veal greatly exceed imports.

#### Meats in General

Other forms of prepared or preserved meats on which concessions are granted besides those mentioned above are negligible as far as imports are concerned.

Even in 1929, before the duty of 6 cents per pound was imposed, imports of all beef and veal amounted to only 3.8 percent of domestic production. In 1940 such imports were only about 2 percent of production in this country. Usually canned beef constitutes some 98 percent of total beef and veal imported.

The small fraction of beef imported from Argentina, mainly canned corned beef which is not produced for civilian use in the United States can have little or no effect on the prices and income received by American producers. Beef cattle prices averaged \$8.66 per hundred pounds during the first 9 months of 1941, about 27 percent above parity. The price of veal calves has averaged \$10.14 this year, about 14 percent above parity. Beef and veal prices now are the highest in more than a decade and except for two years they are the highest since the first World War. Cash income from cattle and calves has more than doubled since 1933 and next year is expected to be the highest since 1919.

#### Fresh Fruits

The duty reductions made to Argentina on fresh grapes, plums, prunes and prunelles apply only to imports for consumption during specified periods of the year when such fruits are not being marketed in the United States, because of the difference in seasons in the two countries. The Argentine Government has agreed to arrange a voluntary limitation on its exports of pears to the U.S.

#### Flaxseed

Domestic flaxseed production is not sufficient to meet our requirements, which have been greatly expanded by defense needs. We must depend partly upon imports, more than nine-tenths of which have come from Argentina during the past five years. Flaxseed requirements in the United States are now at record levels and still increasing. Even a bumper crop in the United States this year would leave a large portion of our needs to be met by imports. The temporary tariff reduction to Argentina will scarcely offset present abnormally high transportation charges, and the emergency rate can be terminated by the U.S. when the abnormal situation ends.



### Wool

The coarser grades of wool, on which tariff concessions are made to Argentina, are produced in this country only in negligible amounts. Thus imports from Argentina of the coarser grades will not compete with the finer grades produced in the United States.

The United States must import wool because production in this country is not nearly adequate for domestic demand. Due to army orders and other defense needs, as well as increased buying power, wool consumption in 1941 is expected to break all records. Even if farmers in this country produce a record clipping it will still be less than half of our expected requirements.

Prices received this year by domestic wool producers are the highest in at least 12 years, averaging 34.7 cents a pound, or about 45 percent above parity, during the first 9 months of 1941. Domestic producers can also expect the largest cash income from wool since 1919.

### Hides and Skins

In this country the consumption of hides and skins of the better grades and types outruns domestic production. We therefore depend on imports, for such grades and types, although we export domestic hides of the poorer grades.

Domestic production of hides depends on the demand for beef and veal—not on the demand for hides. Imports of bovine hides and skins have practically no effect at all on production in this country.

### Italian-Type Cheeses

Italy was formerly the principal source of the cheeses on which concessions are made in the Argentine agreement. While domestic production of such cheeses has increased in recent years, it is not nearly sufficient to furnish American consumers the amounts they demand. Since the war has cut off the Italian supply, the United States will be dependent mainly on Argentina for close to half the Italian-type cheeses consumed in this country. The agreement provides that the concession granted to Argentina on Italian-type cheeses may be terminated six months after the end of the war.

November 1941



SECRET

1. The purpose of this document is to provide information regarding the activities of the [redacted] in the [redacted] area. This information is being provided for your information and is not to be distributed outside of your office.

2. The [redacted] has been observed in the [redacted] area on several occasions. The [redacted] has been observed in the [redacted] area on several occasions. The [redacted] has been observed in the [redacted] area on several occasions.

3. The [redacted] has been observed in the [redacted] area on several occasions. The [redacted] has been observed in the [redacted] area on several occasions. The [redacted] has been observed in the [redacted] area on several occasions.

SECRET

4. The [redacted] has been observed in the [redacted] area on several occasions. The [redacted] has been observed in the [redacted] area on several occasions. The [redacted] has been observed in the [redacted] area on several occasions.

5. The [redacted] has been observed in the [redacted] area on several occasions. The [redacted] has been observed in the [redacted] area on several occasions. The [redacted] has been observed in the [redacted] area on several occasions.

SECRET

6. The [redacted] has been observed in the [redacted] area on several occasions. The [redacted] has been observed in the [redacted] area on several occasions. The [redacted] has been observed in the [redacted] area on several occasions.

SECRET